

Message Text

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45

ACTION XMB-07

INFO OCT-01 EA-11 ISO-00 EB-11 COME-00 TRSE-00 CIAE-00

INR-10 NSAE-00 RSC-01 L-03 OMB-01 DRC-01 AGR-20 /066 W

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R 120800Z MAR 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 533

INFO AMCONSUL HONG KONG

LIMITED OFFICIAL USE TOKYO 3256

DEPARTMENT PASS EXIM BANK AND TREASURY

HONG KONG PASS RAND

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJ: RESUMPTION OF BORROWING FROM U.S. EXPORT-IMPORT BANK

SUMMARY: MINISTRY OF FINANCE HAS YET TO FORMULATE NEW
GENERAL POLICY REGARDING MOF APPROVAL TO BORROW FROM
EXIMBANK DESPITE THE FACT THAT THREE LARGE BORROWERS WERE
GIVEN PERMISSION TO SUBMIT LOAN APPLICATIONS AND THERE
HAS BEEN A GENERAL RELAXATION OF CONTROLS OVER CAPITAL
INFLOWS. EMBASSY CONCLUDES MOF CURRENTLY FOLLOWING AD
HOC POLICY OF APPROVAL ON LOANS SO AS TO CREATE NEEDED
BALANCE OF PAYMENTS SUPPORT, (ALTHOUGH PROCEEDS OF
BORROWING WOULD NOT NECESSARILY PRODUCE IMMEDIATE B/P BENEFIT).
OFFICIAL SAYS BANK OF JAPAN'S PAST POLICY OF PURCHASING
EXIMBANK CBI'S HAS BEEN TERMINATED BECAUSE MOF NO LONGER
WANTS TO HIDE RESERVES. END SUMMARY.

1. FINATT MET WITH DEP DIR INT FIN BUR (FUJIOKA) TO
SEE CLARIFICATION OF MOF'S CURRENT POLICIES REGARDING
PERMISSION FOR JAPANESE COMPANIES TO SEEK EXIMBANK CREDIT.
CLARIFICATION WOULD BE HELPFUL TO EXIMBANK IN PLANNING
FUTURE LOAN DEMANDS. OFFICIAL FORCED TO ADMIT
THERE WAS NO GENERAL CHANGE FROM PAST POLICY
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DESPITE THE FACT THAT THREE BORROWERS (ANA, JAL, AND

BANK OF TOKYO FOR COTTON CREDIT) HAD BEEN GIVEN PERMISSION AND THAT FOREIGN CREDITS IN OTHER FORMS (E.G. IMPACT LOANS AND BOND ISSUES) HAD BEEN LIBERALIZED. OFFICIAL SAID HE WOULD REFLECT ON MATTER AND BE IN TOUCH.

2. DEP DIR SAID HE HOPED THE REQUEST FOR A LARGE COTTON CREDIT WOULD BE APPROVED, AND THAT REGARDING AIRCRAFT CREDITS, FINAL GOJ APPROVAL FOR PERMISSION TO PURCHASE ADDITIONAL PLANES HAS NOT YET BEEN GIVEN. HE THEN ASKED ABOUT CURRENT AND FUTURE POLICIES OF EXIMBANK. EMB OFFICIALS MENTIONED HIKE IN INTEREST RATE BUT OTHERWISE UNAWARE OF CHANGE, IF ANY, IN BANK'S POLICIES AND AVAILABILITY OF FUNDS. MENTIONED HOPE THAT MORE LIBERAL APPROVAL POLICY BY MOF WOULD NOT BE CONFINED JUST TO AIRCRAFT AND TRADITIONAL COTTON CREDIT, BUT ALL PRODUCTS WOULD BE ELIGIBLE AND THAT PROCEDURES FOR CFF COULD BE FURTHER LIBERALIZED.

3. COM ATT ALSO REVIEWED CFF OPERATION IN JAPAN (DETAILED REPORT SEPTEL). SAID HE HOPED MOF WOULD FOLLOW MORE LIBERAL POLICY TOWARD CFF LOANS. MOF RECORDS SHOWED ONLY \$0.5 MIL OF CFF CREDIT LINES UTILIZED IN PAST YEAR.

4. EMB OFFICERS CAME AWAY WITH CLEAR IMPRESSION THAT LOWER BUREAUCRATS MAKING DECISIONS ON MOF APPROVAL. MAIN OBJECTIVE OF FOREIGN CAPITAL DIV IS TO BRING IN FOREIGN FUNDS FOR B/P SUPPORT.
SHOESMITH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BANK LOANS, CREDIT CONTROLS, CAPITAL FLOWS, BALANCE OF PAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TOKYO03256
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740349/aaaabtsi.tel
Line Count: 88
Locator: TEXT ON-LINE
Office: ACTION XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 24 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 JUL 2002 by cunninfx>; APPROVED <29 JUL 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RESUMPTION OF BORROWING FROM U.S. EXPORT-IMPORT BANK SUMMARY: MINISTRY OF FINANCE HAS YET TO FORMULATE NEW
TAGS: EFIN, JA, XMB
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005